

From: [Miller, Anna](#)
To: ["Duncan Hamilton"](#)
Subject: RE: Energex Petroleum Financial Assurance for the Lanphar 1-12 Injection Well Application
Date: Friday, October 26, 2018 9:33:00 AM

Good morning Duncan:

I am following up on the letter EPA sent to Energex, dated September 26, 2018, regarding financial assurance. I haven't been able to reach you via telephone, so please call me as soon as you can.

Best regards,
Anna

Anna Miller
Underground Injection Control Branch
U.S. EPA Region 5 (WU-16J)
77 W. Jackson
Chicago, IL 60604
(312) 886-7060

From: Duncan Hamilton [mailto:hamiltongeologicalservices@outlook.com]
Sent: Monday, October 01, 2018 1:02 PM
To: Miller, Anna <miller.anna@epa.gov>
Subject: Re: Energex Petroleum Financial Assurance for the Lanphar 1-12 Injection Well Application

Thanks Anna!

Duncan

Sent from my iPhone

On Oct 1, 2018, at 10:11 AM, Miller, Anna <miller.anna@epa.gov> wrote:

Good morning:
We sent the attached letter last week.

Anna Miller
Underground Injection Control Branch
U.S. EPA Region 5 (WU-16J)
77 W. Jackson
Chicago, IL 60604
(312) 886-7060

From: Duncan Hamilton [<mailto:hamiltongeologicalservices@outlook.com>]

Sent: Wednesday, September 19, 2018 1:42 PM

To: Miller, Anna <miller.anna@epa.gov>

Subject: Energex Petroleum Financial Assurance for the Lanphar 1-12 Injection Well Application

Hi Anna:

I am preparing this note in advance as I am in the process of changing internet/phone/TV providers at my office and currently the system is down. Attached is a letter from Peter Bilodeau, which has also been send via mail addressed to Mr. Jann. In Peters letter he is requesting an additional 60 days to raise the required amount to update the existing bond to cover the plugging costs of the proposed injection well Lanphar 1-12. In his letter Peter did not specifically discuss the details of why we are currently not in the financial position to post the additional required amount. I will discuss this below. Firstly we have made some progress of increasing the financial assurance, as one well on the existing bond, Dewald 2-18 was sold to a private landowner and the well was officially transferred off the Energex well bond list by the MDEQ. The bonded amount for the Dewald 2-18 was \$20,000 which is available now to support the requested additional amount by EPA. From an operations standpoint we were not able to get the Addison 12 facility operational until July 13 (prior expected start date to have been in May). With the facility being operational on July 13, all operations costs commenced but unfortunately due to compressor issues and other facility upgrades, Energex did not actually commence oil production until August 23, 2018. Production has been steady in September and we expect to make 2 shipments of oil to the refinery. Unfortunately Energex does not receive payment for the oil shipments until the 25th of the following month.

As of our conference call on July 25th, we were assuming we would have received some production revenues from the Addison 12 facility and due to numerous issues we will not get our first production revenue till the end of October. I am more than willing to send you copies of our production records that we send to the MDEQ on a monthly basis to confirm my statements.

Once my communications system here is all hooked-up and ready to go I will also call you to discuss.

Finally looks like I have my new service close to being operational.

Best Regards

Duncan

Duncan Hamilton, M.Sc., P.Geo.
COO

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